

RECOMMENDATION

Hold

**Kazatomprom JSC
(KAP)**

Upside: **-6%**

Target Price: **KZT 35 500**

Last price: **KZT 37 710**

STOCK MARKET

DCF

Kazakhstan | Nuclear Power
Generation Industry

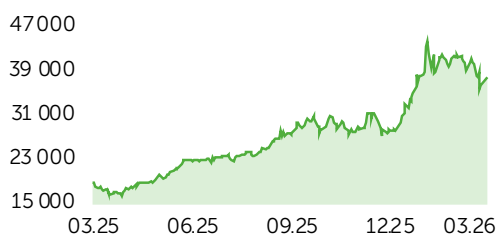


FLASHNOTE/UPDATE

Kazatomprom: Performance Summary for the Year 2025

Revenue, '25 (KZT billion)	1,803
EBIT, '25 (KZT billion)	978
Net Profit, adjusted '25 (KZT billion)	570
Net Debt, '25 (KZT billion)	-140
P/E, adjusted '25 (x)	17.2x
P/BV, '25 (x)	3.0x
EV/S, '25 (x)	5.3x
EV/EBITDA, '25 (x)	8.8x
ROA, adjusted (%)	20%
ROE, adjusted (%)	40%
EBIT Margin (%)	54%
Net Margin, adjusted (%)	32%
Market Cap (KZT billion)	9,876
Shares Issued (Million)	259
Outstanding (%)	25%
52-Week Min/Max (KZT)	16,080 – 45,493
Current Price (KZT)	37,710
Target Price (KZT)	35,500
Upside Potential (%)	-6%
Investment Horizon	6-12 months
Planned Price Update Frequency	Quarterly

Stock dynamics / exchange/ticker KASE/KZAP



Performance (%)	3 months	9 months	12 months
Absolute	35%	37%	103%
vs KASE	26%	29%	66%

Orazbayev Daniyar, CFA
Investment Analyst

(+7) 727 311 10 94 (988) | orazbayev@ffin.kz

Kazatomprom JSC has published its audited financial statements for 2025. We assess the report as neutral: Revenue remained flat due to the absence of enriched uranium sales; however, adjusted net profit remained at the same level as last year, and operating cash flow increased by 57% YoY. The key risk is a significant increase in production costs in 2026: Management forecasts a 34% increase in C1 cash cost and a 21% increase YoY in AISC due to the introduction of a differentiated mineral extraction tax rate. In our valuation model, we have updated our uranium price and expense forecasts, as well as joint venture valuation. As a result, our valuation of Kazatomprom shares is KZT 35,500, with a 6% overvaluation compared to the current KASE price. Recommendation – “Hold.”

Core Valuation Factors. The main risk is the introduction of a differentiated mineral extraction tax (MET) scale, effective January 1, 2026, based on annual production volumes and uranium prices. According to the company's forecasts, this will lead to a 34% increase in C1 and a 21% increase YoY in AISC. On the other hand, the company forecasts revenue growth in 2026, driven by increased production volumes (27,500–29,000 tonnes on a 100% basis) and positive contracting dynamics. A key strategic event is Kazatomprom's secured priority rights for exploration and reservation of uranium sites, following amendments to the Subsoil Code dated 26 December 2025. Additionally, stricter requirements have been introduced for joint venture (JV) partners when renewing contracts: Kazatomprom's stake must be at least 90 %, or partners must transfer conversion and enrichment technologies. It is also worth noting the transfer of the Akdala deposit (Southern Mining and Chemical Combine (SMCC); KAP's stake: 30 %) into Kazatomprom's trust management as of 28 March 2026, following the end of the contract. The remaining reserves at the deposit are estimated at approximately 1 500 tonnes of uranium.

Revenue: flat, but with a shift in structure. Consolidated revenue for 2025 amounted to KZT 1.8 trillion (-0.6% YoY). Revenue from natural uranium sales increased by 16% YoY to KZT 1,638 billion, driven by an 11% increase in sales volume and an increase in the average US dollar exchange rate. The average USD selling price decreased by 6% YoY, while a 14% drop in the spot price had a limited impact on the selling price due to the contract portfolio structure. The complete absence of enriched uranium sales, which generated KZT 249 billion in 2024, had a negative impact on overall revenue. Fully-owned production volume increased to 25.8 thousand tons, while share-based production increased to 13.6 thousand tons. Consolidated finished goods inventories increased by 5% YoY to 6.6 thousand tons, as part of the strategy to maintain a comfortable inventory level.

Marginality under Pressure from MET, Yet Supported by Robust Cash Flow. Gross margin decreased slightly from 48.6% to 47.8%. The main negative factor was the increase in the MET rate from 6% to 9%, which

APPENDIX

Illustration 1. Key changes in the latest version of the valuation model

Changes in Assumptions	Date of valuation		Change, %	Comments
	03-DEC-2025	27-MAR-2026		
Total operating expenses, 2026, KZT billion	900	1,037	+15%	Management's higher cost forecast
Average forecasted U3O8 price, \$/lb	72.2	78.4	+8.6%	Increasing uranium prices and our more optimistic view of the industry's future prospects
Valuation of JVs and other companies, KZT trillion	17	2.3	+38%	Valuation update based on new financial data and other macroeconomic parameters

Illustration 2. Previous recommendations and price targets from Freedom Broker.
(B - "buy", H - "hold", S - "sell")

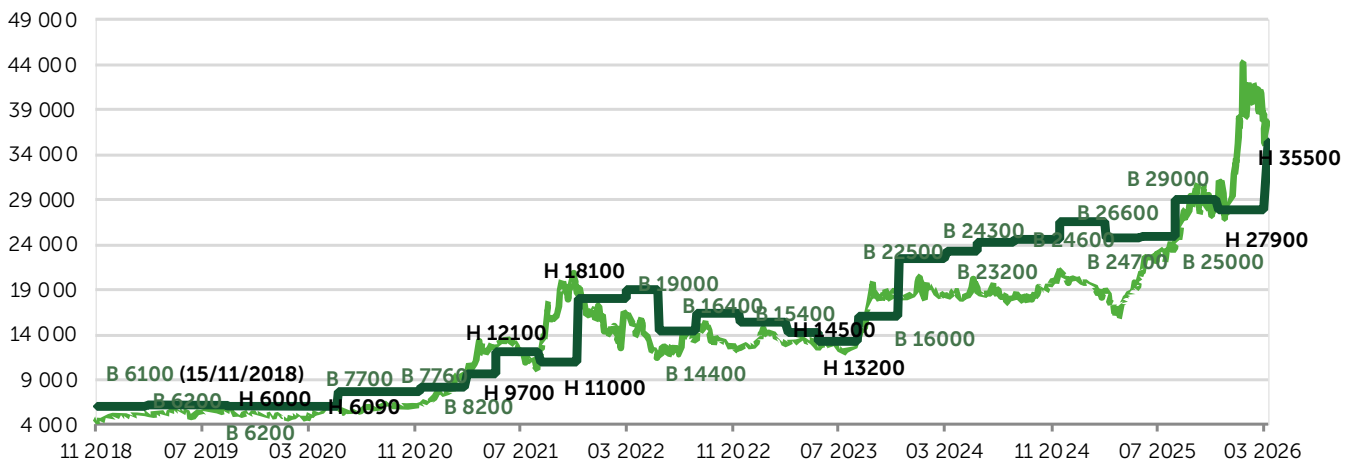


Illustration 3. P/E and EV/EBITDA multiples according to Freedom Broker estimates



Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	2	20%
Hold	7	70%
Sell	1	10%

Licence <https://ffin.global/licence/>

Freedom Finance Global PLC (hereinafter referred to as the Company) provides brokerage (agency) services in the securities market within the Astana International Financial Centre (AIFC) in the Republic of Kazakhstan. The Company is authorised subject to compliance with the requirements, conditions, restrictions and/or directions of the Acting Law of the AIFC to conduct the following Regulated Activities under Licence No. AFSA-A-LA-2020-0019: Dealing in Investments as Principal; Dealing in Investments as Agent; Managing Investments; Advising on Investments; Arranging Deals in Investments. The information and materials contained in this section are for reference purposes only and are addressed to clients of Freedom Finance Global PLC. They do not constitute individual investment advice and are not an offer to invest in shares of various companies.

The materials contained herein are for reference purposes in relation to the subject of the investment research (hereinafter referred to as the Issuer) and are addressed to current and prospective retail clients of the Company. The information contained herein has been obtained from publicly available sources and is considered reliable by the author(s), but the author(s) make no warranties or representations, express or implied, regarding its accuracy or completeness. The information is not intended to be used as the basis for any investment decision by any individual or legal entity. It does not constitute investment advice and is not an offer, solicitation or recommendation to buy or sell any security.

Holding securities and other financial instruments always involves risks: the value of securities and other financial instruments may rise or fall. Past investment performance does not guarantee future returns. In accordance with applicable law, the Company does not guarantee or promise future investment returns, does not provide guarantees of the reliability of potential investments, and does not guarantee the stability of potential income.

Disclosure

- The author(s) of this report, or any member of their immediate family, has no financial interest in the securities of the Issuer
- The author(s) of this report, or any member of their immediate family, is not aware of any conflicts of interest that could affect the content or publication of this report
- The author(s) of this report, or any member of their immediate family, does not hold a sufficient number of the Issuer's securities in their personal portfolio to materially affect the market price in the event of a sale
- The reporting line and remuneration structure of the author(s) do not give rise to a conflict of interest
- The Company and any associate do not hold 1% or more of the total issued share capital of the Issuer
- The Company and any associate is not acting as a corporate broker for the Issuer
- The Issuer does not have a material shareholding in the Company
- The Company may act as a market maker in respect of the Issuer's shares. A detailed list of financial instruments is available on the website of the Kazakhstan Stock Exchange (KASE) at <https://kase.kz/ru/membership/SEVEN/>

Rating System

- Buy. A stock for which, at the time of rating assignment, an increase in price of more than 20% is expected over the next 6–12 months
- Hold. A stock for which, at the time of rating assignment, a price change in the range from –10% to +10% is expected over the next 6–12 months
- Sell. A stock for which, at the time of rating assignment, a decrease in price of more than 10% is expected over the next 6–12 months

increased the tax component of the production cost by 50% YoY to KZT 137 billion. Depreciation in the production cost increased by 22% YoY to KZT 146 billion amid the consolidation of Budyonovskoye. The weighted average price of sulphuric acid increased by 43% YoY to KZT 70,000 per tonne, increasing its share in production costs from 12.5% to 14.7%. On the other hand, raw material and consumable costs decreased by 4.5% YoY to KZT 495 billion due to the lower cost of uranium purchased from joint ventures, while processing costs fell by 49% YoY due to the lack of enrichment services. The C1 cash cost and AISC, which includes capital expenditures, remained within forecasts. The EBITDA margin remained approximately flat at 61%. Net profit attributable to shareholders amounted to ЛЯЕ 570 billion (-35% YoY), but excluding the one-time gain from the consolidation of Budyonovskoye (296 billion), adjusted profit remained virtually unchanged (570 billion versus 577 billion, -1.1% YoY). Operating cash flow reached KZT 810 billion (+57% YoY) due to increased customer revenue and normalization of working capital. This factor significantly increases the probability of a dividend increase by the end of 2025. Dividend growth of 30-40% is quite likely to be expected.

Our Opinion and Changes to the Valuation Model. Overall, the report confirms the stability of operational performance and strong cash flow generation; however, structural growth in production costs is putting pressure on margins. Capital expenditures of mining operations increased by 25 % YoY to KZT 398 billion on a 100 % basis. Further growth is projected for 2026, including KZT 121 billion allocated for infrastructure development at the Budyonovskoye, Ortalik (Zhalpak), and Inkai-3 sites. The share of results from joint ventures (JVs) and associates increased by 25 % YoY to KZT 199 billion, reflecting higher sales volumes from KATCO and SMCC. In our valuation model, we have raised the forecast for production costs but also increased the forecast uranium price, driven by a stronger raw materials market compared to previous expectations. Additionally, valuations of associates and joint ventures have been upwardly revised. As a result, the target Kazatomprom share price is set at **KZT 35,500, implying a 6% overvaluation compared to the current price. Recommendation — “Hold”**